

Code No: A109210106

**R09**

**Set No. 2**

**II B.Tech I Semester Examinations, November 2010**  
**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
**Civil Engineering**

**Time: 3 hours**

**Max Marks: 75**

**Answer any FIVE Questions**  
**All Questions carry equal marks**

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1. Discuss the factors affecting the choice of industrial location. [15]
2. Distinguish between microeconomics, macroeconomics and managerial economics. [15]
3. If demand is unitary elastic, what action could a manager take to increase total revenue? Explain. [15]
4. What do you understand by solvency position of a manufacturing organization? How is it evaluated? Illustrate it with assumed data. [15]
5. Examine the factors which explain why the average cost of producing a commodity declines, with an expansion in the scale of production. [15]
6. Every debit must have its corresponding credit. Explain. How will you apply rules of debit And credit in respect of assets and liabilities? [15]
7. Explain with a suitable example of cross subsidization. [15]
8. Explain the objectives of Institutional financing. Also explain the merits and demerits of bank finance. [15]

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**R09****Set No. 4**

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**MANAGERIAL ECONOMICS AND FINANCIAL ANALYSIS**  
**Civil Engineering**

Time: 3 hours

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Answer any FIVE Questions  
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1. Explain the differences between perfect competition and monopolistic competition. [15]
2. Write an essay on the need and nature of capital budgeting. [15]
3. Name the constituents of Final Accounts and the purpose they serve. [15]
4. Assume you are a loan officer of a bank and two companies require a loan of equal amount to be repaid over the next two years based on the following information.
 

| <i>Particulars</i>             | <i>X Limited</i> | <i>Y Limited</i> |
|--------------------------------|------------------|------------------|
| <i>Current Ratio</i>           | 2 : 1            | 4 : 1            |
| <i>Acid Test Ratio</i>         | 1.5 : 1          | 2 : 1            |
| <i>Debt – Equity Ratio</i>     | 40%              | 30%              |
| <i>Interest Coverage Ratio</i> | 5 times          | 6 times          |

  - (a) If you could grant a loan to only one company which will it be?
  - (b) If you could grant a loan to both the companies, would you be willing to do so? Explain. [15]
5. What is the law of demand? What is the difference between demand schedule and demand curve? [15]
6. Distinguish between fixed and variable costs. Explain the shapes of the average fixed cost curve, average variable cost curve and the marginal cost curve. [15]
7. Which is the best method of demand forecasting for automobiles? [15]
8. Is Government of India justified in withdrawing its investments in public enterprises? Justify your answer. [15]

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**R09****Set No. 1**

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**Civil Engineering**

Time: 3 hours

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1. 'Managerial economics is apart of normative economics'. Discuss. [15]
2. Calculate stock turnover ratios in the following cases

- |     |                           |                  |      |
|-----|---------------------------|------------------|------|
| (a) | <i>Cost of goods sold</i> | Rs. 200000       |      |
|     | <i>Average stock</i>      | Rs. 40000        |      |
|     | <i>Sales</i>              | Rs. 220000       |      |
| (b) | <i>Average stock</i>      | Rs. 40000        |      |
|     | <i>Sales returns</i>      | Rs. 20000        |      |
|     | <i>Gross Profit</i>       | Rs. 20% on sales |      |
|     | <i>Opening stock</i>      | Rs. 21000        |      |
| (c) | <i>Closing Stock</i>      | Rs. 29000        | [15] |
|     | <i>Purchases</i>          | Rs. 100000       |      |
|     | <i>Wages</i>              | Rs. 10000        |      |

3. What factors will determine the market power of a monopolist? [15]
4. Examine the various methods of evaluating the profitability of project proposals and discuss their relative merits and limitations. [15]
5. Evaluate sole trader form of organization and compare with the partnership firm. [15]
6. What is the relationship between a firm's short-run production function and its short-run cost function? [15]
7. Explain the advantages and disadvantages of controlled experiments. [15]

8. From the following Ledger Balances Prepare Final Accounts for MessersRajindra Bros. As on 31st March, 2009.

Ledger Balances:(All are given in Rupees)

Capital 18000, Stock 3720, B.P 4827, Creditors 7581, BR 3291, Sales 12439, Cash at Bank 1900, Machinery 6710, Buildings 5290, Commission(cr)390, Insurance 119, Postage 132, Discount(cr) 627, purchases 10492, returns inward 1000, returns outward 1200, cash in hand 400, salaries 1400, carriage 400, wages 1510 depreciation 600.

Adjustment item:

Closing stock:

Closing stock valued at Rs.17929. [15]

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**R09****Set No. 3**

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**Civil Engineering**

Time: 3 hours

Max Marks: 75

Answer any FIVE Questions  
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1. What is price discrimination? How is it advantageous for a seller to practice price discrimination? [15]
2. Discuss the various types of elasticities of demand. [15]
3. 'Managerial economics uses the theories of economics and the methodologies of the decision sciences for managerial decision making'. Elaborate. [15]
4. What are the different forms of business organizations? Comment on their relative merits and demerits. [15]
5. Why do we prepare Trading Account, Profit and Loss Account and Balance Sheet and What is their significance. Explain. [15]
6. Distinguish between Incremental cost and Marginal cost. [15]
7. Which would you prefer- Internal Rate of Return Method or the Net Present Value Method-for appraising project proposals and why? Can the results provided by these methods be different? [15]
8. The Balance Sheet of X and Company as on 31-12-2008 is given below.

| Liabilities          | amount in Rs. | Assets            | Amount in Rs. |
|----------------------|---------------|-------------------|---------------|
| Equity share capital | 100000        | Fixed assets      | 180000        |
| 9% Debentures        | 50000         | Stores            | 25000         |
| 8% Preference Shares | 50000         | Debtors           | 55000         |
| Retained Earnings    | 20000         | Bills receivables | 3000          |
| Creditors            | 45000         | Bank              | 2000          |
|                      | 265000        |                   | 265000        |
|                      |               |                   |               |

Calculate the following:

- (a) Debt equity ratio
- (b) Current Ratio
- (c) Fixed Assets Ratio
- (d) Liquidity Ratio [15]

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